GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3609
ANSWERED ON:25.08.2006
FOREIGN DEBT QUESTIONS
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Will the Minister of FINANCE be pleased to state:

(a) The present status of the foreign debts/loans till the end of June, 2006;

(b) The load of foreign debts on the financial structure of the country;

(c) The total debts taken by the Government during the current financial year;

(d) The present per capita external loan;

(e) The amount of interest and debt services charges being paid for these loans annually; and

(f) The steps taken to reduce the debt burden of the country?

Answer

(Minister of State in Ministry of Finance) (SHRI P. K. BANSAL)

(a) According to the latest available information, India's total external debt amounted to US$ 125.2 billion as at the end of March 2006.

(b) The liability of foreign loans on financial structure of the country as measured by the ratio of external debt-to-GDP and proportion of debt service payments to external current receipts (debt service ratio) was 15.8 percent and 10.2 percent, respectively in 2005-06.

(c) The total disbursement of loans raised by the Government amounted to US$ 749 million (Rs.3,491 crore) during the current year so far (April-July 2006).

(d) The per capita external debt at end-March 2006 worked out to US$ 113 (Rs.5,045).

(e) During 2005-06, the debt service payments amounted to US$ 18.97 billion, of which interest payments were of the order of US$ 5.08 billion.

(f) To reduce the debt burden of the country, the recent initiatives undertaken by the Government include, inter alia, prepayment of high-cost loans, streamlining of interest rates as well as structure of NRI deposits and restricting the end-use of commercial borrowings. Besides, Government is focusing on concessional loans, longer maturity profiles, close monitoring of short-term debt and laying emphasis on non-debt creating capital flows in order to maintain external debt within manageable limits.